OFAC and the commercial reality

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No Singapore law requires a Singapore DPT licensee to comply with United States sanctions administered by the Office of Foreign Assets Control (OFAC). Three facts make compliance unavoidable in practice.

The first is the dollar. A DPT business that converts to or from US dollars, holds dollar-denominated stablecoins or banks with an institution that clears dollars touches the United States financial system, and OFAC asserts jurisdiction over any transaction that does so. The issuers of the major dollar stablecoins, Circle and Tether, freeze addresses on OFAC designation and on law-enforcement request. A Singapore licensee holding USDC or USDT for a customer who becomes designated will therefore find the tokens frozen by the issuer regardless of Singapore law.[1]

The second is secondary sanctions. Since December 2023, Executive Order 14024 as amended authorises OFAC to impose sanctions on foreign financial institutions that conduct or facilitate significant transactions involving Russia's military-industrial base, with no requirement of a US nexus.[2] A Singapore DPT licensee is a foreign financial institution for this purpose. The risk of designation is remote for a firm with ordinary controls, but the consequence, exclusion from the dollar system, is existential, and MAS expects licensees to have assessed it.

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The third is the typology of OFAC's crypto designations. OFAC has since 2018 added digital-currency addresses to the Specially Designated Nationals list. Since 2021 it has designated crypto service providers as such. The list includes the exchanges Suex and Chatex in 2021, the mixer Blender.io in May 2022 and the mixer Sinbad in 2023. It includes the Russian exchange Garantex in 2022 and its successor Grinex in 2025, together with a series of Russia- and DPRK-linked facilitators. Tornado Cash was designated in August 2022 and delisted in March 2025 after the Fifth Circuit held in Van Loon v Department of the Treasury that immutable smart contracts are not "property".[3] In 2025 the United States Treasury also acted against the Cambodia-based Huione Group, which FinCEN identified as a primary money-laundering concern for laundering scam and DPRK proceeds through its crypto payment arm. In October 2025 OFAC designated the Prince Group network for its role in South-East Asian scam compounds.[4] These South-East Asian designations bear directly on Singapore, because the laundering networks they target are the regional networks whose fiat ends up in Singapore accounts, as the 2023 case showed.

What MAS expects of a licensee's OFAC exposure

MAS does not enforce OFAC rules. It does, however, require licensees to identify and manage the risks to which they are exposed, and PSN02's risk-assessment requirement extends to sanctions risk from all sources that could affect the firm.[5] A licensee that has not considered its OFAC exposure has a gap in its risk assessment. Most Singapore DPT licensees screen against the OFAC SDN list, the EU and UK consolidated lists and the UN list together. They apply the Singapore legal consequences to UN and Singapore matches. Matches on the other lists receive a risk-based decision, which in practice means declining the transaction in almost every case. The distinction that matters is documentation: a UN match must be frozen and reported by law, while an EU-only match is declined as a matter of policy and recorded as such.

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Notes

1. Circle, USDC Terms and blocklisting policy; Tether, compliance statements on address freezing in cooperation with law enforcement and OFAC designations; both issuers publish the addresses they have frozen. See Part K, Chapter VI on the stablecoin regimes. ↩
2. Executive Order 14114 of 22 December 2023, amending Executive Order 14024, s. 11 (secondary sanctions on foreign financial institutions); OFAC, Compliance Advisory for Foreign Financial Institutions, December 2023 and updates. ↩
3. OFAC, Specially Designated Nationals list entries and press releases: Suex (21 September 2021), Chatex (8 November 2021), Garantex (5 April 2022), Blender.io (6 May 2022), Tornado Cash (8 August 2022, delisted 21 March 2025 following Van Loon v Department of the Treasury, 122 F.4th 331 (5th Cir. 2024)), Sinbad.io (29 November 2023), Grinex (2025). ↩
4. FinCEN, Notice of Proposed Rulemaking under s. 311 USA PATRIOT Act regarding Huione Group, 1 May 2025, and final rule; OFAC, designation of Prince Group and related persons, 14 October 2025. ↩
5. MAS Notice PSN02, para. 4 (risk assessment, including sanctions risk); Guidelines to Notice PSN02, section on screening against lists relevant to the firm's risk profile beyond the mandatory Singapore lists. ↩

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